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PP RUEHIK  
DE RUEHSF #0126/01 0271637  
ZNR UUUUU ZZH  
P 271637Z JAN 06  
FM AMEMBASSY SOFIA  
TO RUEHC/SECSTATE WASHINGTON DC PRIORITY  
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE  
RUCNFB/FBI WASHINGTON DC 0116  
RUCPDO/DEPT OF COMMERCE WASHINGTON DC  
RUEAWJA/DEPT OF JUSTICE WASHINGTON DC  
RUEAIIA/CIA WASHINGTON DC

UNCLAS SECTION 01 OF 02 SOFIA 000126

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SENSITIVE SIPDIS

E.O. 12958: N/A

TAGS: [KCRM](#) [PREL](#) [PINR](#)

SUBJECT: BULGARIA: NEW CORRUPTION STRATEGY OFFERS LOFTY  
RHETORIC BUT FEW EFFECTIVE MEASURES

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¶1. SUMMARY: (SBU) After weeks of delay and last-minute revisions, the Council of Ministers finally adopted its new National Anti-Corruption Strategy on January 12. The strategy clearly seeks to address Brussels' criticism that Bulgaria has made little progress in curbing corruption, particularly political corruption, which is now one of the government's main priorities, according to the document. As part of this effort, the strategy pledges to improve transparency in party funding and public procurement, and strengthen regulations on asset disclosure. While the government's focus is now in the right place, many of the proposed goals are vague or modest, if not already in the process of being implemented. Indeed, Embassy contacts involved in drafting the strategy say that most of the ministries intentionally tried to avoid taking on too many commitments, especially with EU scrutiny being so high. Many critics, who say the strategy lacks specific or effective measures for fighting corruption, suggest its primary function is to appease the EU before the final recommendation on Bulgaria's accession in May. END SUMMARY.

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Strategy Aims Low on Specific Goals  
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¶2. (SBU) The government on January 12 approved Bulgaria's second National Anti-Corruption Strategy plan for 2006-2008. The document, which is one Bulgaria's commitments as part of its EU bid, was expected to be approved at the end of 2005. However, in early January the government rejected the first draft of the plan, which it viewed as incomplete and un-presentable. The inter-ministerial taskforce drafting the plan then turned to the Center for Study of Democracy (CSD), a local NGO, for help in redrafting the strategy. CSD officials told us the original draft indeed was in poor shape and read more like a laundry list of lofty goals (e.g., "clean up corruption in the procurement process"), but lacking any concrete measures for curbing corruption.

¶3. (SBU) According to CSD, the taskforce accepted a majority of their proposals but reformulated the measures to be less specific or ambitious. One example was CSD's recommendation to ban any political party that withheld information on the sources of its funding. The taskforce instead pledged simply to "strengthen" the laws on party funding. CSD officials told us that none of the ministries were willing to take on commitments that would not be easily achievable, but the Interior Ministry was particularly resistant. As such, most of the proposed goals are for initiatives that are already being implemented by various government agencies, such as public procurement reform, a new system for registering

businesses, and a plan for e-government. Other measures were simply made more vague and general, a fact not missed by some of the strategy's critics who claim it lacks specificity and effective measures for implementation.

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#### The Priorities of the Anti-Corruption Strategy

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¶4. (U) Political corruption ranks high among the government's priorities in the new strategy. Under the plan, ministers and other high-level officials will be obligated to attend special seminars on curbing corruption. The courses will teach officials how to identify and respond to corruption and conflicts of interest, and conduct transparent public tenders and proper public procurement procedures. The law on asset disclosure for politicians will be strengthened, and stricter regulations imposed on lobbying and the funding of political parties as well as their election campaigns. The National Audit Office already is implementing many of these measures, largely with USAID support.

¶5. (U) The government intends to curb corruption in the civil service by introducing greater mobility and rotations of officials who work in areas most susceptible to corruption. The strategy also proposes to improve the regulations against conflict of interest when a public official transfers to the private sector. All public servants eventually will be bound to fill out property statements. A proposal for creating a "blacklist" of companies suspected of bribery were ultimately rejected.

¶6. (U) The new strategy identifies the health and education sectors as priority areas requiring special attention. These sectors are the areas where the public encounters corruption most frequently, according to opinion polls. The primary economic areas where the government will focus its

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anti-corruption effort are on VAT fraud and the grey economy. The GOB intends to establish a centralized electronic system for registering legal entities, which will alleviate pressure on businesses to offer bribes.

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#### Proposals That Ended Up on the Chopping Block

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¶7. (SBU) According to CSD, the task force refused to mention any link between corruption and organized crime in the plan. They reportedly were "frightened" by the idea, asserting that organized crime was not appropriate for this strategy paper but would be addressed by other ministries' action plans. The task force rejected proposals for stepping up the fight against the grey economy specifically related to duty free shops and gas stations. Random "integrity" checks and measures to avoid conflicts of interest involving MPs were rejected, suggesting Parliament is still unwilling to police itself. Also dropped was a recommendation to introduce greater financial independence and decentralization of municipalities from the central government, including the capacity for local officials to manage EU funds. According to CSD, this decentralization would help end the practice of using funds from the central budget for political influence over the local municipalities. The taskforce also refused to accept a proposal on increasing the judiciary's budget as a way to curb corruption by improving wages in the judiciary. The task force argued that including such a measure would infringe on the independent work of the judiciary. The Strategy emphasizes participatory decision-making with civil society, but only one NGO (CSD) was involved in drafting the document.

¶8. (SBU) One important recommendation that was accepted by the taskforce was to improve the stature and decision-making authority of the government body that oversees the

implementation of the Anti-Corruption Strategy. The Anti-Corruption Coordination Commission, formerly chaired by the Justice Minister, has been primarily responsible for coordinating the work of the various institutions involved in implementing the strategy. This Commission proved to be completely ineffective, and many businesses complained that it was little more than a mailbox. The new Commission, which will be chaired by the Interior Minister, will be given a stronger mandate and most likely report directly to the Council of Ministers. Instead of information gathering and coordination, the Commission will have more policymaking authority. This control function, however, may be impeded by the fact that the Commission was not created by law and as such cannot supersede the functioning of other institutions.

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COMMENT  
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19. (SBU) With this latest anti-corruption strategy, the GOB may be trying to do just enough to appease Brussels without making too many specific commitments that they later could be held accountable for. By not addressing the link between organized crime and political corruption, the strategy ignores the obvious symbiosis between the two. The strategy's focus on petty and administrative corruption is not a cop-out, since this is the most pervasive and thus pernicious aspect of corruption that feeds public cynicism. But by failing to address the need for more transparency in political party financing, the government has given itself a pass on what many here consider the heart of the problem.  
Beyrle